



Sales Tax Updates

We, in the Sales Tax Offices, hope that this quarterly notice will help answer some of the many questions that businesses often have as changes occur as well as provide helpful reminders on various sales tax issues. We hope to be able to produce this update on a quarterly basis or as the need warrants.

Please note that the Sales Tax Form has changed. This is to enable reporting of the seasonal sales tax as discussed below. If you wish to keep a copy of your return, you will need to make a copy or may request a copy at the city offices while paying your taxes. We have also included an updated tax table on the reverse side of this newsletter showing the 6% rate. Also, all forms are now available on our website.

Attached are the highlights of changes that have occurred to the Sales Tax Code. On Tuesday, March 16, 2004, the Assembly approved an ordinance that passed several changes to the way sales tax is handled within the City and Borough of Sitka. We hope this highlight helps. It, as well as the complete ordinance, may be found on our website.

We are available to answer questions and help with filing of your sales tax quarterly returns Monday through Friday from 8:00 a.m. to 5:00 p.m. except on City recognized holidays. Our offices are located on the second floor of the City building in the Finance Department or we may be contacted by phone at 747-1840 or 1853.

Seasonal Sales Tax begins April 2004

Just another gentle reminder of the increase of 1% in sales tax for the months from April 1 through September 30.

In the spring of 2003, the citizens of Sitka voted to appropriate a seasonal sales tax to fund repayment of bonds issued for construction of an auditorium to be located at Sitka High School and roof repairs on school buildings. This means that sales tax collected during these months will now be 6%.

Several have called in with questions regarding this increase. Here are some of the answers we have

given to frequently asked questions:

- 1) Long Term rentals are exempt from the Seasonal Tax increase. Their tax rate remains at 5%.
- 2) Tax is assessed at the time the service is provided. Therefore if a sale for a service is made during February but the service or transaction won't be provided until June, the tax rate is 6%.
- 3) The bed tax rate hasn't changed. It is still 6%. Thus

during the months from April through September the total tax (sales and bed tax combined) will increase from 11% to 12%. However, each of these taxes should be listed separately on all invoices and each tax is assessed on the subtotal of the invoice.

- 4) The current tax cap for a single sale unit is \$1,000. See insert for a complete definition on how this exemption is now applied.

Government Tax Exemption

A sale or service provided to a government is exempt from sales and bed tax only if the payment is in the form of a government issued credit card, check, or purchase order. If the customer is paying with a personal check or credit card, in order to receive the government tax exemption, he/she must have a signed document from their government supervisor stating that the purpose of their purchase is for government business and that the employee will be fully reimbursed for that purchase with government funds.

We're on the Web
CityofSitka.com

1st Quarter, 2004

January, 2004

February, 2004

March, 2004

DUE APRIL 30TH

Special points of interest:

- Senior exemption cards are solely for the personal use or consumption of the senior or the senior's spouse.
- Non-profit agencies must have a current tax exemption certificate stating that they are 80% government funded in order to be tax exempt. If you would like a list of qualifying agencies, please contact our offices.
- In order for businesses to be tax exempt, they must have obtained a current wholesale-for-retail certificate for each vendor they wish to be tax exempt with prior to purchases being made.